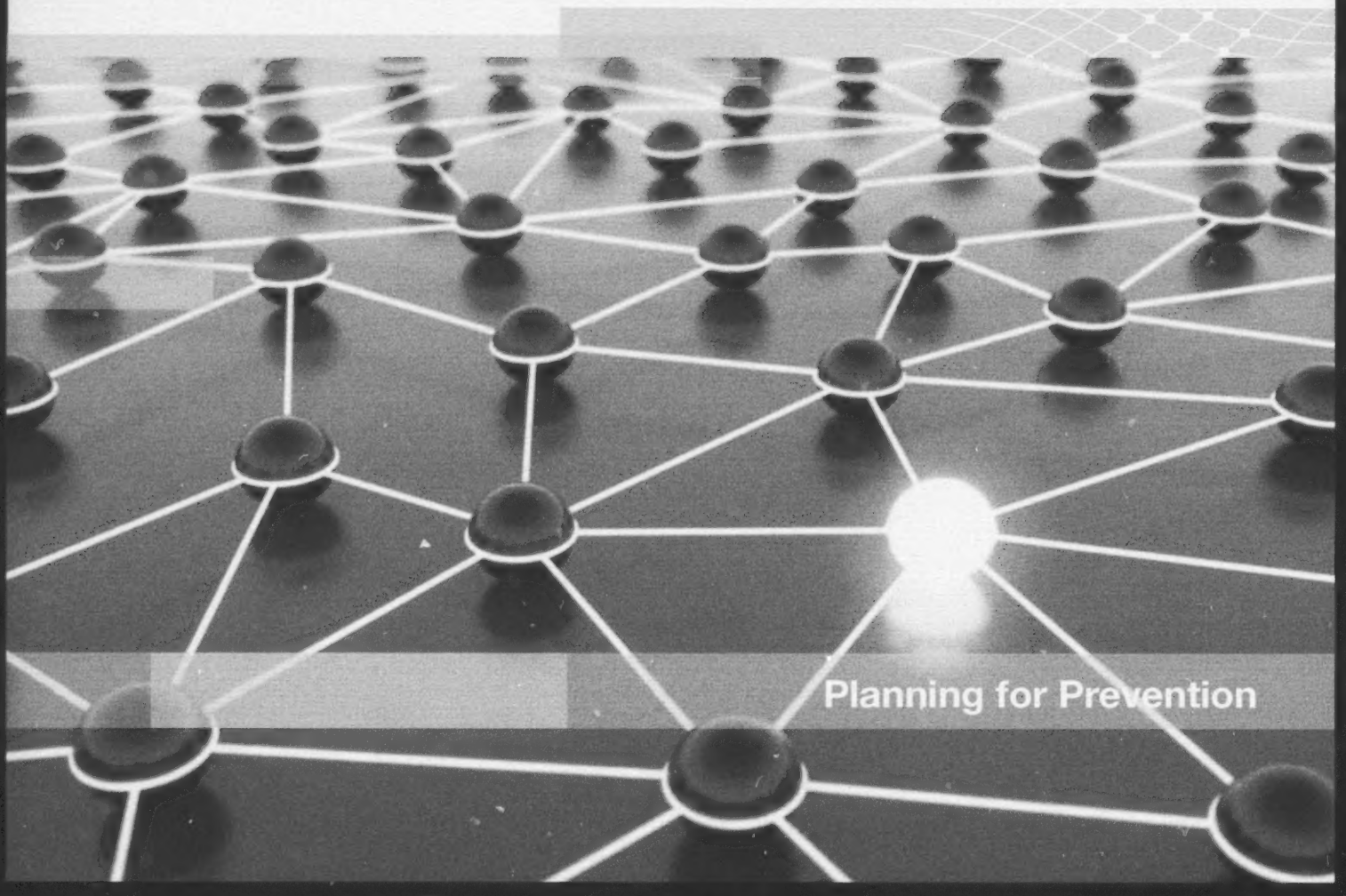
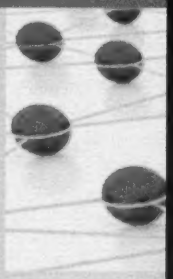
British Columbia Safety Authority
Strategic Plan 2011 – 2013

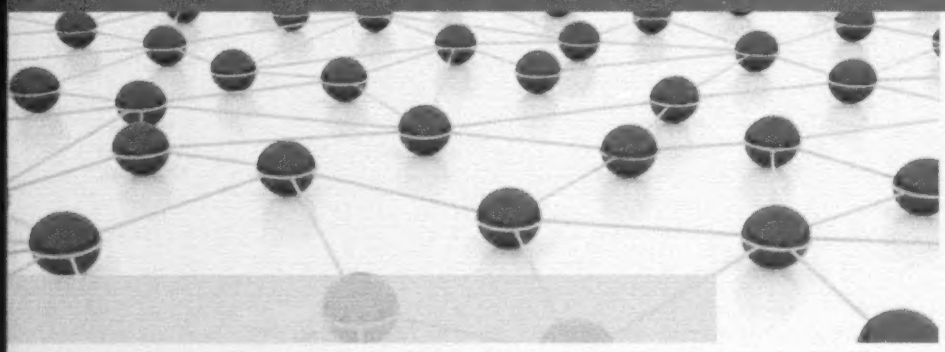
Safety Authority



Planning for Prevention



Planning for Prevention



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1 Corporate Overview

WHO WE ARE

At the British Columbia Safety Authority, we keep people safe. As the Province's delegated authority, we mandate the safe installation and use of technical equipment. We're a not-for-profit that administers safety standards through education, and through issuing permits and licences. We also enforce compliance to standards to ensure consistency and fairness, and conduct on-site inspections – particularly in high-risk situations. We continuously research trends to advance the standard of safe practices in our province.

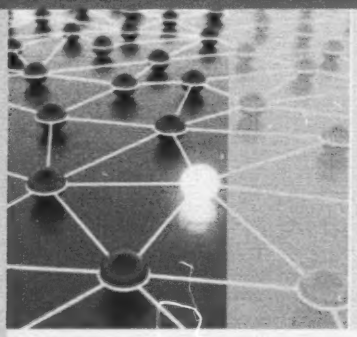
What We Do

We deliver safety services that apply to equipment and products, and oversee the technical safety of the following industry sectors in the province:

- Amusement rides
- Boilers, pressure vessels and refrigeration systems
- Electrical equipment and systems
- Elevating devices, such as elevators and escalators
- Natural gas or propane appliances and systems, including hydrogen
- Passenger ropeways such as aerial trams and ski lifts, and
- Railways, including rapid transit

In order to prevent accidents, our services include:

- Inspecting technical work and equipment, including collecting information through incident investigation and registering new equipment and designs.
- Certifying individuals and licensing contractors.
- Supporting clients in the development of equivalent standards agreements, and auditing their safety management plans.
- Taking enforcement actions that encourage an impartial and equitable safety system in BC.
- Educating the public about safety issues.
- Conducting research, including contributing to provincial and national code development and updating regulations for each industry sector we oversee.



OUR PROMISE

We promise to uphold BC's safety standards by providing knowledge and support, and taking the necessary action required to keep people safe.

Board of Directors

The BC Safety Authority is governed by a Board of Directors that monitors performance and sets the organization's strategic direction in consultation with management. Directors must meet the qualifications established in the Safety Authority Act and abide by a code of conduct.

The Board of Directors is comprised of 12 members who are appointed on the basis of merit and who, collectively, have the required competencies and personal attributes to contribute to the achievement of the BC Safety Authority's mission.

The Board is organized with the following committee structure:

- Finance and Audit
- Governance and Human Resources (also serves as the Board Nominating Committee)
- Strategic Advisory

The BC Safety Authority operates within a legislative and regulatory framework that includes:

- Safety Authority Act
- Safety Standards Act and Regulations
- Railway Safety Act and Regulations
- Administrative Tribunals Act
- Freedom of Information and Protection of Privacy Act
- Ombudsman Act
- Offence Act

For further information, including our Annual Report, Annual State of Safety Report and Annual Report on Safety Regulations, visit our website at www.safetyauthority.ca.

VISION

We inspire safety excellence in British Columbia.

MISSION

We collaborate with British Columbians to enhance the safety of technical systems, products, equipment and work.

VALUES

Integrity: We are impartial and use a disciplined approach.
Pride: We are passionate about protecting the public from safety risks.
Trust: We earn the respect and credibility of each other, our customers and the public.

2 Strategic Planning Overview

About this Strategic Plan

This document outlines the strategic plan for the BC Safety Authority for the period 2011-2013.

It begins with a review of the current environmental *Context* which has been factored into the development of the strategic *Direction*. Next, the *Objectives* of the plan are defined, including activities and measures. Finally, a *Financial Summary* is prepared to outline the financial considerations and impact of this plan.

The Strategic Plan begins to reflect an adaptation in how we view the four objectives (Education & Outreach, Inspection, Enforcement and Research) of our preventative operating model – reflecting a shift from "development" to "application". These components are applied to specific, outcome-based objectives which are clearly focused on the reduction of injuries and fatalities in targeted areas. These Targeted Incident Reduction objectives guide the implementation and continued development of our preventative operating model so that we can achieve established reduction targets.

This chart provides a snapshot of activities, measures, and targets for the period 2011-2013.

MEASUREMENT	2011	2012	2013
Targeted Incident Reduction projected measurement[1]	Baseline established	–	–
Education and Outreach			
MEASUREMENT	2011	2012	2013
Number of education programs under management	7	9	9
Education effectiveness per client survey[2]	80%	80%	80%

[1] Research completed in Q1 2011 to confirm measurement, data model, data collection methodology, and baseline.

[2] Average percentage of contractors and operating permit holders who responded 'excellent', 'very good' or 'good' when asked about their perception of how well BC Safety Authority consults with and educates industry.

Inspection

MEASUREMENT	2011	2012	2013
Improve BC's Safety Certification Qualifications	Elevator Mechanic certification implemented	Gas Field Safety Representative certification designed	Gas Field Safety Representative certification implemented
	Electrical Field Safety Representative code currency designed	Electrical Field Safety Representative code currency implemented	
Higher risk physical inspection rate improvement[3]	+3%	+3%	+3%
Improved consistency as determined by client[4]	70%	70%	70%

Enforcement

MEASUREMENT	2011	2012	2013
Percentage of compliance orders closed within established turn-around time[5]	75%	80%	80%
Percentage of compliance orders achieving compliance without further action	75%	80%	80%

[3] Aggregate measure of installation technologies (i.e. electrical and gas).

[4] Aggregate measure from client survey regarding being knowledgeable about industry, applying rules fairly/consistently, interpreting regulations, codes and standards consistently.

[5] "Closed" is defined to mean that the order was complied with, withdrawn or that progressive enforcement action was initiated.

Research

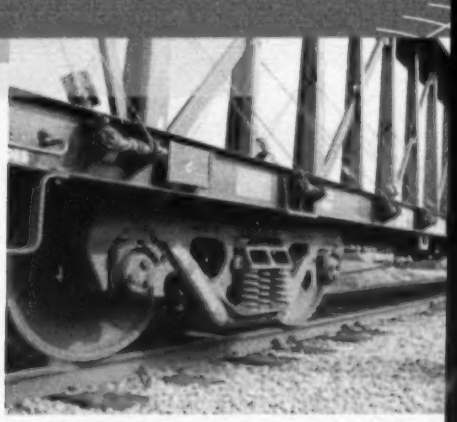
MEASUREMENT	2011	2012	2013
Number of reports published	5	7	9

Business of Safety

MEASUREMENT	2011	2012	2013
Percentage of control plans documented and initiated for risks in each technology	100% control plans documented and initiated for critical & high risks in each technology	100% control plans documented and initiated for critical & high risks in each technology	100% control plans documented and initiated for critical & high risks in each technology
	80% control plans documented and initiated for medium risks in each technology	80% control plans documented and initiated for medium risks in each technology	80% control plans documented and initiated for medium risks in each technology
Client satisfaction[6]	82%	82%	82%
Employee engagement	82%	82%	82%
Deficiency of revenue over expenditure[7]	-$993,000	-$492,000	$0.00

[6] Average percentage of contractors and operating permit holders who responded 'excellent', 'very good' or 'good' when asked to rate BC Safety Authority's overall performance and services.

[7] As per budget and estimated forecast figures from the Financial Summary Statement of Operations.



3 Context

Strategic planning has been considered in the context of safety trends, amid a tepid economy, technical innovation in an increasingly international marketplace, and an aging workforce.

State of Safety

The state of safety in BC is analyzed and formally reported yearly in our annual State of Safety Report, which provides valuable context for shaping future safety needs. This report can be viewed in its entirety at www.safetyauthority.ca/about/publications.

In 2009, there were 129 injuries and six fatalities reported. Of the 129 injuries, 91 (71%) were minor injuries. The major injuries were fractures, second degree burns and exposure to carbon monoxide.

From previous years' incident data, the BC Safety Authority identified a strong seasonal pattern to incidents and noted that males were much more likely to be involved in incidents. Winter showed the highest occurrence of incidents while the next highest was summer. It was determined that operation of passenger ropeways at ski resorts – combined with the use of gas and electrical furnaces, boilers, heaters and other appliances for space heating – results in a higher number of incidents during the winter months. Summer is camping season, and the heavy use of portable propane appliances such as camp stoves, barbecues and lanterns corresponds to a rise in the number of incidents.

Knowledge of this pattern is invaluable in determining the content and timing of public education programs.

By sharing the analyses about the safety risks, and by consulting and collaborating with British Columbians, our clients, stakeholders and the public have the ability to make choices to prevent accidents. This research, coupled with our preventative operating model, is resulting in a safer British Columbia.

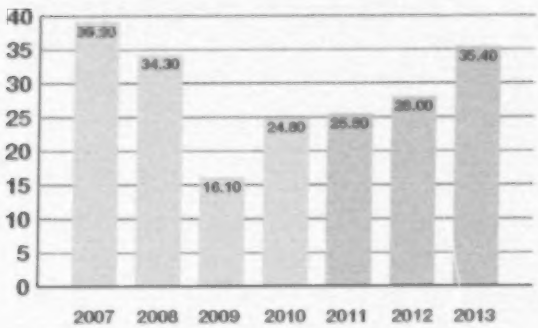
Economic Factors

A continued slow economic growth environment due to global uncertainty is impacting the BC Safety Authority, our stakeholders, clients and British Columbia as a whole. The Business Council of BC and Credit 1 Central anticipate a continued gradual economic recovery over the next two to three years subject to a number of risks. Real GDP in British Columbia is forecast to be 2.6 per cent in 2011, with continued moderate recovery for 2012 and 2013.

As the BC Safety Authority does not receive funding from the Province, 100 per cent of revenue is sourced through fees paid by industry, home and business owners.

With approximately 60 per cent of revenues coming from installation permits, the health of the construction industry can have a significant financial impact. One indicator of the construction industry's health is housing starts. As of September 2010, Credit 1 Central forecasts were predicting a small increase in housing starts to 25,500 units in 2011, up from 24,800 units in 2010. For 2012 and 2013, further modest increases are expected, but housing starts will remain subdued relative to cycle highs observed from 2005 - 2008. Non-residential construction and other construction-related activity are anticipated to modestly increase as during this period of economic recoveries usually companies increase investment spending.

BC HOUSING STARTS (UNITS, 000'S)



Source: Central 1 Credit Union

Approximately 40 per cent of our safety services revenue is derived from annual operating permits, examinations, certifications, licenses and registrations. These areas tend to exhibit stability and modest growth during most economic conditions.

Under these modest economic growth forecasts, we anticipate continuing to minimize fee increases and operating to deficits that will result in a controlled draw on our reserves, created to sustain safety services during periods of challenging economic conditions. At the same time, we will continue to improve our operating efficiency while improving the value and efficacy of our safety services.

The Financial Summary section of this plan provides a more detailed discussion of our financial forecast.

Industry Factors

Economic and regulatory changes have created an environment for safety stakeholders and clients that emphasizes technological innovation, efficiency, and an increasingly international marketplace. The pace of change has moved forward steadily, with trade barriers being reduced through national and international agreements; industries that have remained traditional in their development approach will face major challenges.

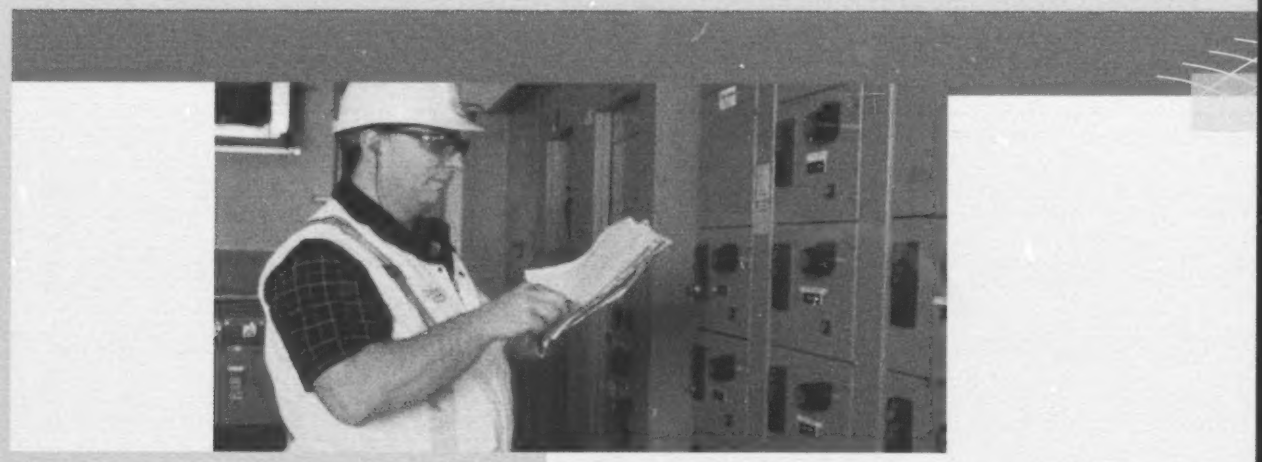
The BC Safety Authority recognizes the need to have the technical safety system keep pace with advancements, continuously improving safety while facilitating the introduction of new technology and investment in capital equipment. To this end, the BC Safety Authority has worked with the Province to amend the *Safety Standards Act* to enable Alternative Safety Approaches (ASA). More on ASA is outlined under the Priorities section.

Social Factors

British Columbia's labour market development office and BC Statistics note that the provincial workforce and numbers of skilled tradespeople are undergoing a shift – the number of individuals above age 45 is increasing while those who are between 15 to 24 is decreasing.

Another factor is the forecasted increase in education required by future jobs: 76 per cent of jobs will require post-secondary education while today only 66 per cent of jobs require this level of education. This will result in a continuing increase in the demand for skilled labour as the availability of new talent entering the market declines.

In order to ensure skilled safety personnel can deliver BC's safety services, the BC Safety Authority is focused on the continued development of skills and knowledge. We have also initiated a workforce planning process to determine current and future staffing and skills needed in order to continue to meet our safety mandate.



4 Direction

The technical safety system in British Columbia will always require a dynamic balance between preventative and corrective activities to achieve targeted incident reduction in specific areas.

This overall objective will drive the implementation of prevention and corrective activities, as well as continued refinement, so that we can achieve the targets we have set for ourselves and other participants in the technical safety system.

It is envisioned that the BC Safety Authority's activities will evolve along with the technical safety system to tip the scale toward greater prevention than correction. Prevention activities such as licensing contractors, certifying individuals, raising awareness of safety hazards through targeted education campaigns, and publishing technical research reports and investigation findings, will become more dominant. We, however, recognize the application of corrective action will continue to be necessary through enforcement, audit, and inspection activities.

The objectives we have established will support our continued efforts to have a technical safety system that is focused on prevention and aims to reduce technical safety incidents in British Columbia.

Objectives Summary

Education and Outreach

TO PROMOTE STAKEHOLDER PARTICIPATION IN THE SAFETY SYSTEM THROUGH EDUCATION PROGRAMS AND ENGAGEMENT PRACTICES THAT CREATE VALUE, CLARIFY ACCOUNTABILITY AND SUPPORT LEARNING AND INNOVATION.

Inspection

TO IMPROVE OUR CLIENTS' ABILITY TO MANAGE RISK AND REDUCE THE PROBABILITY OF INCIDENTS BY EXAMINING AND EVALUATING RISK SITUATIONS AGAINST OUR KNOWLEDGE BASE.

Enforcement

TO PROMOTE SUSTAINED COMPLIANCE WITH SAFETY LEGISLATION AND TO REQUIRE REGULATED PARTIES TO TAKE PROMPT ACTION TO ADDRESS RISKS AND TO IMPOSE SANCTIONS WHERE NECESSARY.

Research

TO IMPROVE OUR UNDERSTANDING OF SAFETY RISKS AND HOW BEST TO CONTROL THEM.

Business of Safety

TO APPLY A BALANCED APPROACH TO BUILDING A RESILIENT, KNOWLEDGE BASED ORGANIZATION THAT IS SUSTAINABLE.

These five objectives are established to strengthen safety, and to sustain and improve safety services in British Columbia.

In its early development stage, safety services were focused primarily on correcting hazards and risky behaviours. These conditions were addressed through the application of Inspection and Enforcement. By refining and expanding our approach to include Education & Outreach and Research, a more comprehensive set of tools support preventative activities.

The Business of Safety objective formalizes the BC Safety Authority's requirement to maintain financial viability and continuously develop its policies, practices, and resources to build an organization that is capable of fulfilling its safety mandate on behalf of British Columbians.

Priorities

Three priorities have been established for 2011 – and beyond as key enablers to advance and strengthen our prevention model, and sustain BCSA and the continuous improvement of safety services:

- Targeted Incident Reduction
- Development of Alternative Safety Approaches (ASA)
- IT Business System Replacement

TARGETED INCIDENT REDUCTION

Targeted Incident Reduction will be launched in 2011 to systematically reduce serious injuries and fatalities in prioritized areas within the technical safety system. By focusing on high-risk equipment, installations and behaviours, we aim to decrease the number and severity of injuries and fatalities over time.

In 2011, the BC Safety Authority will launch a targeted incident reduction initiative in the gas technology in the area of carbon monoxide poisoning. Combined historical incident data from the BC Coroner's Service and the BC Safety Authority has highlighted that between 2004 and 2008, British Columbia recorded 15 fatalities relating to portable propane – 10 of which were due to carbon monoxide poisoning. This represents an average fatality rate of three per year and predicts an 80 per cent probability that British Columbians will suffer at least two fatalities in any given year.

This initiative will necessitate the further application of Research to establish root causes and key audience segments. This knowledge will inform the development of Education & Outreach programming to promote awareness and drive changes in behaviour. A regime for targeted Inspection will need to be established to deliver educational content and gather additional data. Enforcement will be levied when appropriate and as required.

ALTERNATIVE SAFETY APPROACHES (ASA)

In support of Provincial initiatives, the BC Safety Authority proposed two requests for regulatory amendment and one request for legislative amendment in September 2009. The *Power Engineers, Boiler, Pressure Vessel and Refrigeration Safety Regulations* were amended by Ministerial Order in February 2010, enabling:

1 The elimination of prescribed staffing requirements for low pressure thermal fluid plants that are equipped with modern safety control systems and devices; and,

2 The replacement of restrictive qualifications requirements for the BC Safety Authority's boiler safety officers with less restrictive requirements.

The amendments to the *Safety Standards Act* were passed in early June 2010. They enable the implementation of Alternative Safety Approaches using tools such as Safety Management Plans and Equivalent Standards Agreements. These regulations are anticipated to come into force by April 1, 2011.

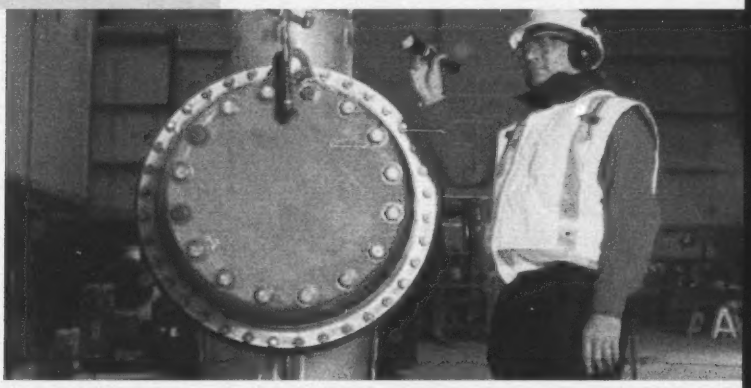
ASA represents a significant shift from prescriptive regulation to a more comprehensive and efficient co-regulatory regime. It is a more progressive approach which supports a long-time objective of making business owners take responsibility for risk rather than having them rely on inspections for quality control. Importantly, the use of ASA will be voluntary for prospective owners who are qualified and seek to benefit from this shift.

The BC Safety Authority will focus the initial application of ASA to the bioenergy sector through a phased approach. A new service of this nature represents an important opportunity to improve the technical safety of operators while facilitating investment in capital equipment and the introduction of new technology.

IT BUSINESS SYSTEM REPLACEMENT

A new IT business system replacement will provide the BC Safety Authority with the tools it needs to quickly access accurate information. It will result in more effective and efficient service delivery to clients and stakeholders.

It is anticipated that the BC Safety Authority will be in a position to begin a phased, multi-year transition to a new system in 2011.



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Objectives

Education and Outreach

TO PROMOTE STAKEHOLDER PARTICIPATION IN THE SAFETY SYSTEM THROUGH EDUCATION PROGRAMS AND ENGAGEMENT PRACTICES THAT CREATE VALUE, CLARIFY ACCOUNTABILITY AND SUPPORT LEARNING AND INNOVATION.

The BC Safety Authority's goal of greater incident prevention needs to have all stakeholders aware, engaged, and accountable within the technical safety system. The objective of Education & Outreach is to educate and engage stakeholders in order to promote and facilitate their participation. This approach establishes practices that continuously create mutual value for all.

Education programs are intended to increase awareness, knowledge, and ultimately, change behaviour. Programs begin with a clear definition of a specific safety hazard or risk, a required level of awareness, desired behaviours and specific audiences affected. These elements are critical to the design, production, delivery and evaluation of program content, collaboration, delivery channels, outcomes and costs.

Stakeholder engagement practices are structured as either standing or as required consultation and collaboration. Standing stakeholder committees are maintained for nearly all regulated technologies and with local government counterparts. Memoranda of Understanding are maintained to formalize collaborative alliances with other regulatory agencies such as WorkSafeBC, the BC Oil and Gas Commission, and the BC Coroner's Service.

As legislative, regulatory, policy or safety service changes are considered and developed, consultation and collaboration practices are applied as required to create mutual value, uphold accountability and transparency, and capture learning and innovation.

KEY INITIATIVES

- To optimize the impact on the safety system, resources will be allocated to areas of greatest need and opportunity. To this end, the BC Safety Authority will pay particular attention to the highest technology risks in order to prioritize educational activities and engagement practices.

- It is critical that the BC Safety Authority applies resources efficiently and effectively, and expands capacity to improve reach within the technical safety system. Disciplined program management will be practiced, formalizing a process for developing and measuring the effectiveness of our education programs, developing collaborative alliances and expanding our online presence.

MEASUREMENT

We will measure output by reporting on the number of programs under management. Under management is clearly defined to include a formalized program plan, performance measurement, and at least one piece of content delivered within a specific channel. We will measure client perception as a proxy for outcome by reporting on education effectiveness as per the BC Safety Authority's annual client survey. The target is set at 80 per cent as it represents a statistically significant representation of success.

Education and Outreach

MEASUREMENT	2011	2012	2013
Number of education programs under management	7	9	9
Education effectiveness per client survey[8]	80%	80%	80%

Inspection

TO IMPROVE OUR CLIENTS' ABILITY TO MANAGE RISK AND REDUCE THE PROBABILITY OF INCIDENTS BY EXAMINING AND EVALUATING RISK SITUATIONS AGAINST OUR KNOWLEDGE BASE.

This objective consists of two parts: First, examining risk situations by using on-site inspections to gather data for research; second, evaluating risk situations against this knowledge base, and allowing inspection services to deliver a range of assessment services proven to help control risk – from audit, to education, and to enforcement when warranted.

Research has shown, and consultation has affirmed, that inspection activity needs to be responsive to the situation and to the client. Inspection continues to be a critical component of safety because it is a direct interface with the client which affords the BC Safety Authority the opportunity to offer direct value that is meaningful and useful. Depending on the type of client, whether installation or operating, their level of compliance and risk, and their safety requirements, the BC Safety Authority will tailor its approach through effective and efficient service delivery.

[8] Average percentage of contractors and operating permit holders who responded 'excellent', 'very good' or 'good' when asked about their perception of how well BC Safety Authority consults with and educates industry.

The BC Safety Authority is modernizing its inspection program to move from being primarily focused on code compliance at the installation stage, to one that is focused on higher risks and delivers service that supports our clients' ability to identify hazards and prevent failures throughout the entire life cycle of technical equipment.

To support this shift, the BC Safety Authority is developing capabilities in four distinct areas:

- Gathering and generating information to assess risk (which drives where our inspection activity should be focused).
- Analyzing the risk data.
- Delivering the most appropriate course of action to address the risk.
- Continuing to leverage inspection as a way to directly interface with clients to gather information and offer direct value to them.

KEY INITIATIVES

- The BC Safety Authority will focus primarily on the development and support of safety certification standards. The benefit to our clients will be increased confidence in the skill level of their contractor resources, and more tools to analyze and manage risks effectively.

- Our focus on improving safety and service to our clients will continue to aim at targeting resources at areas of higher risk, and shifting away from low value services.

MEASUREMENT

In order to increase safety and provide our clients with the ability to hire trained personnel with confidence that they have obtained a specific level of knowledge, the BC Safety Authority is implementing new certification standards for work on regulated equipment. The certifications identified for the next three years and their timelines were developed with input from clients and stakeholders.

Shifting resources away from low-risk installations towards higher risk will also be needed in order to achieve our objective for inspection. Given that gas and electrical represent the majority of installations, we will be focusing on these technologies over the next three years. The target has been set at a prudent 3 per cent year-over-year shift from lower to higher risk work, to support a gradual but purposeful change.

Improving consistency is important to the success of the inspection component. Our annual client survey includes questions that specifically relate to consistency, including timeliness, expertise and feeling well-served. While previous results have already been positive, the targets for the next three years reflect our confidence that further improvement in terms of consistency can be achieved.

Inspection

MEASUREMENT	2011	2012	2013
Improve BC's Safety Certification Qualifications	Elevator Mechanic certification implemented	Gas Field Safety Representative certification designed	Gas Field Safety Representative certification implemented
	Electrical Field Safety Representative code currency designed	Electrical Field Safety Representative code currency implemented	
Higher risk physical inspection rate improvement[9]	+3%	+3%	+3%
Improved consistency as determined by client[10]	70%	70%	70%

Enforcement

TO PROMOTE SUSTAINED COMPLIANCE WITH SAFETY LEGISLATION AND TO REQUIRE REGULATED PARTIES TO TAKE PROMPT ACTION TO ADDRESS RISKS AND TO IMPOSE SANCTIONS WHERE NECESSARY.

Enforcement is one of the BC Safety Authority's most visible tools for fostering compliance within safety legislation and it is used in concert with other components, particularly inspection.

With the consolidation of the regulation of seven technologies under the BC Safety Authority, there is a need to establish and maintain a consistent and uniform approach to enforcement and compliance. Considerable time and effort since our inception has been spent identifying and adopting appropriate policies and procedures to support a comprehensive enforcement program. From 2008 to 2010, the BC Safety Authority built a solid basis for an effective and disciplined rollout. The next three years will focus on further evolution and improvement of our approach.

[9] Aggregate measure of installation technologies (i.e. electrical and gas).

[10] Aggregate measure from client survey regarding being knowledgeable about industry, applying rules fairly/consistently, interpreting regulations, codes and standards consistently.

KEY INITIATIVES

- The key priorities of the enforcement component are streamlining and standardizing enforcement tools and processes across all technologies, continually improving the overall enforcement program by regularly evaluating it against the primary objective, and consulting with stakeholders.

MEASUREMENT

While the BC Safety Authority does not set targets for the number of enforcement actions its staff will take in a given period, we do measure the efficiency and effectiveness of our program, such as in the issuing of compliance orders by our safety officers and managers. Targets are based on a current performance of time to issue compliance orders, with incremental improvement expected in year 2011 and 2012.

Another key measure of effectiveness is whether orders are complied with, without the safety manager or safety officer having to take any further enforcement action. The target percentages for the next three years are based on a current performance of compliance orders achieving compliance, with incremental improvement expected in 2011 and 2012.

Enforcement

MEASUREMENT	2011	2012	2013
Percentage of compliance orders closed within established turn-around time[11]	75%	80%	80%
Percentage of compliance orders achieving compliance without further action	75%	80%	80%

[11] 'Closed' is defined to mean that the order was complied with, withdrawn or that progressive enforcement action was initiated.

Research

TO IMPROVE OUR UNDERSTANDING OF SAFETY RISKS AND HOW BEST TO CONTROL THEM.

Research is a critical piece to building the knowledge necessary to develop effective and dynamic safety system policies that motivate compliance and instill ownership of strong industry safety practices at all levels of the safety system. Whether research is inspection, education, or enforcement focused, its primary purpose will be to remove or mitigate unsafe conditions within the safety system.

Research includes the following:

- Examining incidents to understand what happened and how it happened in order to help prevent future occurrences.
- Analyzing risk data to enable the refinement of our risk management system.
- Analyzing the effectiveness of processes and systems to reduce safety risks and to improve client service, whether internal or external.
- Researching and reviewing best practices to maximize value.
- Sharing research results to expand our reach and impact.

KEY INITIATIVES

- In its early stages of development, research at the BC Safety Authority will focus on effective approaches to improve safety. We will start by expanding our use of and our understanding of existing data as well as collaborating with other safety organizations, regulators and industry associations to build on existing safety structures and practices. Establishing a disciplined and efficient methodology for turning data into information will become our primary focus for development.

MEASUREMENT

The BC Safety Authority is making a concerted effort to increase the amount of information it publishes. In 2010, we published four reports: State of Safety Report 2009, Excalibur Incident Investigation Report, Kelowna Fire Bowl Incident Investigation Report, Deaths Involving Portable Propane Equipment – Incident Statistics and Predictions Report. An incremental increase in our publication output is targeted over the next three years.

Research

MEASUREMENT	2011	2012	2013
Number of reports published	5	7	9

Business of Safety

TO APPLY A BALANCED APPROACH TO BUILDING A RESILIENT, KNOWLEDGE BASED ORGANIZATION THAT IS SUSTAINABLE.

This objective encourages consideration of the impact our business decisions have on our diverse stakeholder groups, without compromising safety. This objective requires that we build a business that looks to the future, is viable, progressive and inspires safety excellence.

KEY INITIATIVES

- Concentrating on improving the infrastructure required to evolve our business practices and systems will remain a key priority to improving safety outcomes and enabling a long-term view of safety excellence.
- We will continue to work to better understand and meet the needs of our clients and stakeholders in managing safety risks, and establishing the BC Safety Authority as an organization that excels in customer service.
- Continuing to enable committed employees capable of delivering on the BC Safety Authority's key strategies will remain critical as we effect our business transition towards a more preventative safety system.
- Being transparent, responsible and accountable in our use of our revenue will also continue to remain a priority that allows us to demonstrate we are investing in the enhancement of safety services, and that appropriate reserves are in place to sustain the organization.

MEASUREMENT

To assess risks and measure progress, the BC Safety Authority develops control plans. Control plans are initiated to prioritize, evaluate, mitigate and rate risks so as to maintain accurate risk classification as critical, high, medium or low. Critical and high risks require our most immediate attention whereas lower risk ratings are addressed with a more measured approach.

As a regulator, excellent client service is necessary in order to encourage participation in the provincial safety system. We acknowledge that our clients also have regulatory obligations imposed by law. While the BC Safety Authority receives relatively high customer service ratings, we anticipate that improvement, while incremental, will be primarily driven by better service standards and continued ease of access.

We believe committed employees lead to better safety outcomes for all British Columbians. The annual targets increase over time at modest increments, recognizing that we are currently above the national norm of 76 per cent.

To be sustainable it is critical that the BC Safety Authority is financially responsible and has the appropriate level of revenue over expenditures, compared to the size of our reserves and the overall economic environment. This means that in some years we may run manageable deficits to provide necessary safety services and to temper reserves. In other years we may generate excesses so that reserves are sufficiently funded.

Business of Safety

MEASUREMENT	2011	2012	2013
Percentage of control plans documented and initiated for risks in each technology	100% control plans documented and initiated for critical & high risks in each technology	100% control plans documented and initiated for critical & high risks in each technology	100% control plans documented and initiated for critical & high risks in each technology
	80% control plans documented and initiated for medium risks in each technology	80% control plans documented and initiated for medium risks in each technology	80% control plans documented and initiated for medium risks in each technology
Client satisfaction[12]	82%	82%	82%
Employee engagement	82%	82%	82%
Deficiency of revenue over expenditure[13]	-$993,000	-$492,000	$0.00

[12] Average percentage of contractors and operating permit holders who responded 'excellent', 'very good' or 'good' when asked to rate BC Safety Authority's overall performance and services.

[13] As per budget and estimated forecast figures from the Financial Summary Statement of Operations.

Financial Summary

6

Sustaining Safety

The BC Safety Authority has consistently maintained a sound financial position due to conservative fiscal practices – enabling us to keep fees stable and improve service levels. This has allowed us to invest in safety programs efficiently and effectively to reduce risk for British Columbians.

The BC Safety Authority does not receive funding from the Province of British Columbia; rather the health of the industries we regulate impacts our operations and revenues. Our financial budget and forecast for the three-year period of 2011-2013 assumes a subdued recovery.

In 2011, we are forecasting a deficit of $993,000 based on revenues of $41.5 million, offset by expenses of $42.4 million. We see returning to a surplus position by 2013. The BC Safety Authority is able to sustain this while enhancing necessary safety programs as we have established reserves for just such a purpose. The reduction of these reserves will not create a significant financial risk.

Subdued Revenue Recovery

For 2011, we are anticipating total revenues of $41.5 million, modestly up from our forecasted revenues for 2010 of $39.9 million, but still below construction cycle peak levels.

Revenue will have a subdued recovery in 2011, starting slowly in the first half of the year and building in the latter half. Our assumptions see commercial installation permitting activity growing more strongly than residential permitting activity, where we anticipate minimal growth. We are also anticipating a projected increase in revenues from operating permits and inspections where revenues are historically more stable. Additionally, the BC Safety Authority will continue to freeze fees at 2008 levels for electrical, gas, elevating devices, boilers, pressure vessels and refrigeration systems. Interest income is budgeted at $400,000 for 2011. We earn interest income from our investments in cash, money market and short-term bond funds.

We are expecting the economic recovery to accelerate moderately in 2012 and 2013.

Controlling Operating Expenses

We make every effort to deliver necessary safety programs as efficiently and cost effectively as possible. The BC Safety Authority does this by focusing on the areas of highest risk and applying the appropriate tools – whether it is education, inspection, research

or enforcement – to achieve safety outcomes. We are forecasting that our operating expenses will increase to $42.4 million in 2011. The additional dollars are being invested in priority areas while sustaining existing safety service levels to meet demand.

Capital Investments for Long-term Benefit

For 2011, we are budgeting $7.2 million in capital expenditures. The largest capital expenditure planned in 2011 is the first year of a two-year project to replace our core production system. With the modernization of this system, we expect to increase the breadth and depth of our client self-service capabilities and take a data-driven approach to our safety strategies. The remaining capital expenditures are to maintain our fleet vehicles and offices to a professional and safe standard.

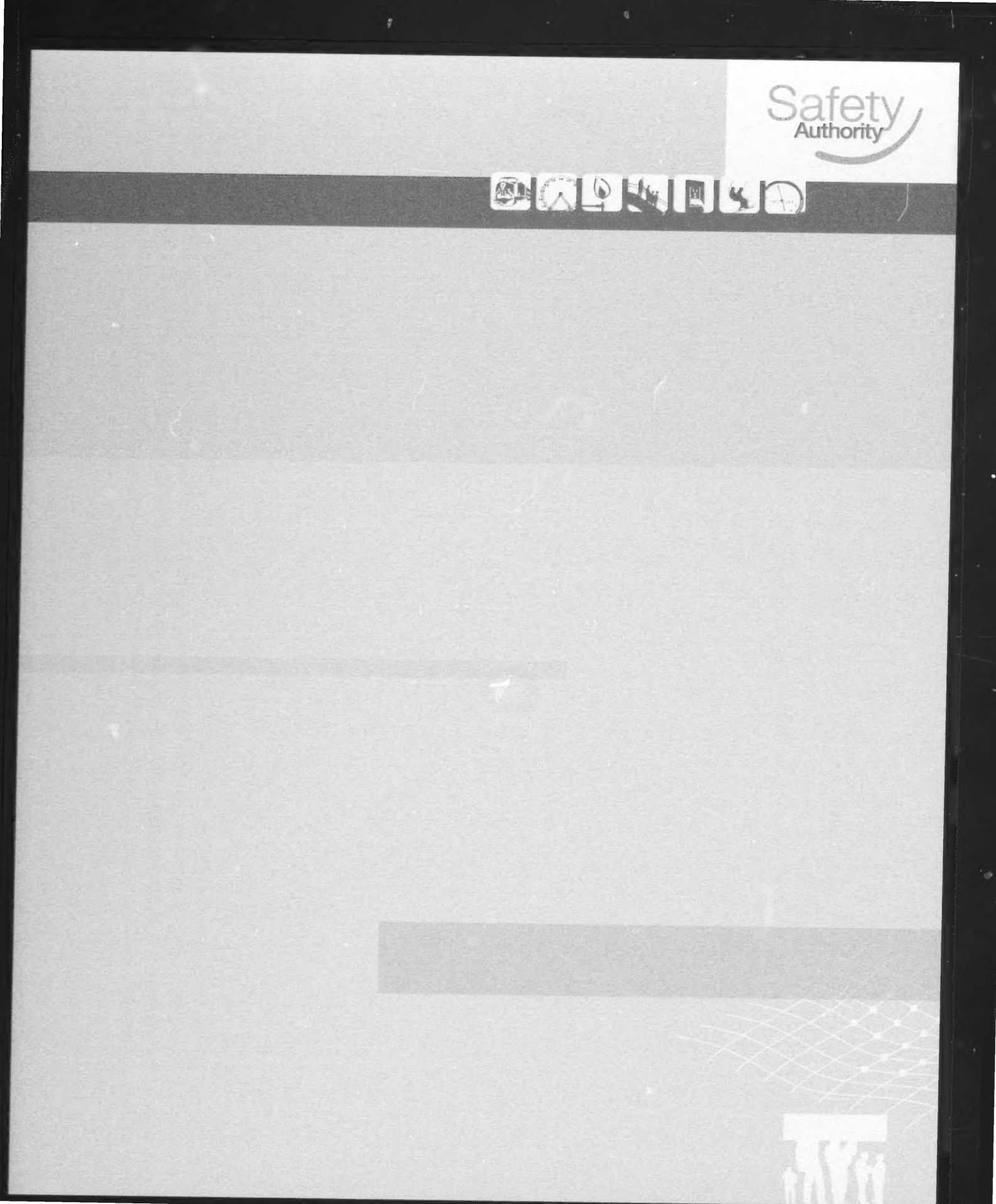
Forward-looking Statements

There are numerous factors, some beyond our control, which could cause results to vary from expectations. Key risks to the budget are the predicted strength of the provincial economic recovery and the management of the costs of modernizing our core production system.

All forward-looking statements within this report should be understood to involve risks and uncertainties that could cause actual financial or operating results to differ significantly. The figures provided for the years 2012 and 2013 are not budgets; rather, they are forecasts that are more susceptible to vary from expectations.

British Columbia Safety Authority
Statement of Operations

Year Ended December 31	Forecast 2010	Budget 2011	Forecast 2012	Forecast 2013
Revenue				
Services and related fees	$ 39,500,000	$ 41,053,000	$ 42,921,000	$ 45,093,000
Amortization of deferred contributions	10,000	-	-	-
Interest	358,000	400,000	497,000	778,000
	$ 39,868,000	**$ 41,453,000**	**$ 43,418,000**	**$ 45,871,000**
Expenses				
Salaries and benefits	26,000,000	28,427,000	29,056,000	29,935,000
General operating and administration	4,320,000	4,360,000	4,400,000	4,443,000
Amortization of property and equipment	2,450,000	2,655,000	3,155,000	3,829,000
Building occupancy	2,423,000	2,475,000	2,586,000	2,702,000
Communications and information services	2,475,000	2,217,000	2,316,000	2,420,000
Transportation	1,726,000	1,796,000	1,877,000	2,017,000
Corporate governance	550,000	516,000	520,000	525,000
	39,944,000	**42,446,000**	**43,910,000**	**45,871,000**
Deficiency of revenue over expenses	**$ (76,000)**	**$ (993,000)**	**$ (492,000)**	**$ 0**
Capital purchases	$ 2,259,000	$ 7,214,000	$ 5,808,000	$ 1,700,000
Reserve balance $'s	$ 17,606,000	$ 12,054,000	$ 8,909,000	$ 10,488,000
Reserve balance %	44%	28%	20%	23%


Safety
Authority

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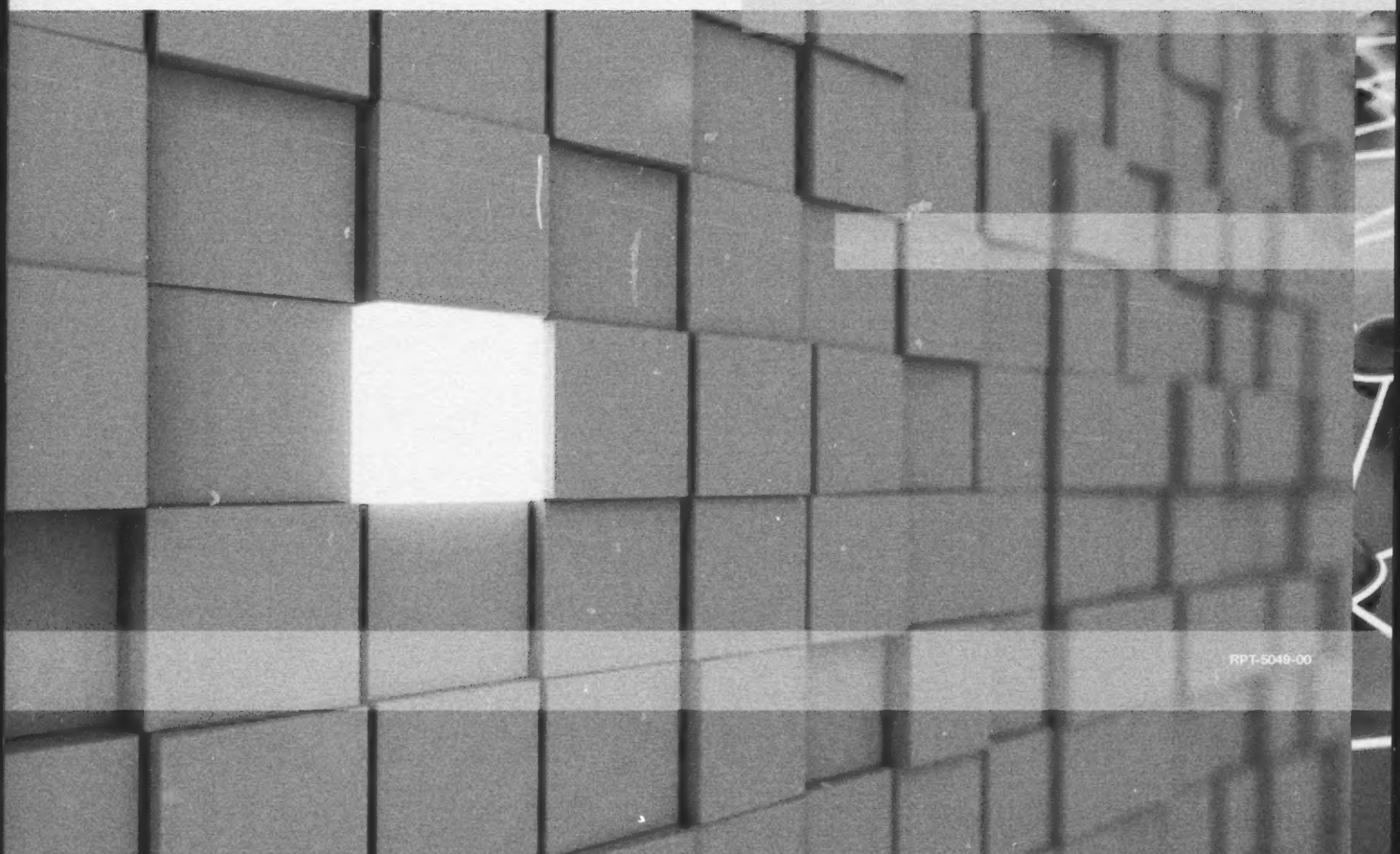
Safety Authority

Canada's Top 100 Employers 2011

CANADA'S TOP FAMILY-FRIENDLY EMPLOYERS 2011



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